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UNITED STATES DEPARTMENT OF AGRICULTURE  
BUREAU OF AGRICULTURAL ECONOMICS  
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THE AGRICULTURAL OUTLOOK FOR 1926

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## General Agricultural Situation

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During the past year agriculture as a whole has made some further progress toward normal stability. Apparently the heavy net movement of population away from the farms has declined. Farmers have paid off a substantial amount of indebtedness. Increased sales of fertilizers, machinery, fencing and building materials indicate that the farm productive plant is being restored.

The gross income from agricultural production for the present 1925-26 season will about equal the 12 billion dollar figure of the previous year. The indicated purchasing power of farm products in terms of non-agricultural commodities averaged 89 for the year 1925 (the five years immediately preceding the war being considered as 100). This index has risen about 5 points per year since the low 1921 average of 69. During the last three months, however, it has stood at 87.

The trend of total crop acreage has been slightly downward in recent years, while population has been steadily increasing. The production of the principal crops has been at approximately the 1919 level during the past three years. Marketings of meat animals on the other hand declined materially during 1925 and represents the turn from the peak of the animal production cycle reached in 1924.

In short, agricultural production has been so readjusted that the farming industry as a whole is now in the best general position since 1920. An important feature of this readjustment has been the better general balance finally achieved in livestock production. However, feed crop acreages last year were so large that the production of most of these crops resulted in prices too low to be satisfactory to those who raise such crops for sale.

Farm products, taken all together, still stand at a disparity in exchange for industrial goods and services. Any general expansion in production at this time would tend to place agriculture in a less favorable economic position.



### Domestic Demand

The prospect for active business conditions during the first half of 1926 indicates that the present domestic demand for farm products to be marketed during the early part of this year will be maintained; but for the season of marketing, the 1926 crops indications are that domestic demand will be no stronger and probably somewhat weaker than at present. Plans for agricultural production this year should therefore be on a conservative basis.

There are several factors in the present business situation which will tend to maintain an active demand for farm products during the first half of 1926. In the first place, agriculture itself is contributing toward National activity approximately the same buying power as that of 1924-25. For the past few months factory employment has been maintained at a high level and total wage payments during the last quarter of 1925 were nearly ten per cent greater than in the same period of 1924. The cumulative effect of the recent and present employment at high wages should extend well into 1926.

Another favorable element in the present business situation is the fact that industrial production has been maintained on an efficient and profitable basis. Greater production has been accomplished at lower labor costs per unit of product, and prices of producers' goods which at the end of 1925 were only three per cent above those of 1924, have not shown any tendency toward inflation or any indications of over stimulated buying on the part of manufacturers. Commercial and manufacturing enterprises have not been carried away by the speculative spirit in the stock and real estate markets, as is further evidenced by the fact that bank loans for



commercial purposes are only slightly in excess of similar loans a year ago. Furthermore, interest rates on loans for productive purposes are still relatively low, which may tend further to stimulate and maintain industrial activity.

Agriculture itself, taken as a whole, is likely to contribute nearly as much to the National purchasing power during 1926-27 as during the current year, should the consumer demand for farm products remain as high as at present.

As against these favorable factors, there are several important ones which may have a very decided bearing upon the level of domestic demand through the crop year 1926-27.

A number of factors indicate that the building and construction industry has reached its peak of expansion, and may start receding in 1926. Rents for offices, apartments, and residences have been declining in a number of important cities, and there is an increasing proportion of unused space. Building permits, too, show a recession of ten per cent more than the normal seasonal decline from October to December. The building contracts awarded during the second half of 1925, however, were forty-five per cent larger than during the same period of 1924, while building permits increased about thirty per cent for the same period, indicating that there is still a considerable volume of contracts to be fulfilled during the first part of 1926. Road construction, which is about one-tenth of total building and construction, during 1926 will be at about the same volume as in 1925. Should the proposed Federal office building program and other new State and Federal Government construction be initiated in the second half of 1926, the possible decline in activity might be further deferred. The general expectation, however, is that building activity in the second half of 1926 will not be as great as during the second half of 1925.



A similar situation exists in the automobile industry. During 1925 the industry broke all previous records. Production during the last quarter was fifty-five per cent above that of a year ago, and wage payments totaled fifty-two per cent greater. The greater volume of production has been sold only by means of lower prices and a considerable expansion of installment buying. The number of cars and trucks produced last year was 4,000,000 as compared to about 20,000,000 now in the country. Probably not over 1,300,000 worn-out cars were junked during the year, and no very great increase in replacements can be expected during 1926. With the number of cars in use getting closer and closer to filling the potential market it seems unlikely that 1926 will see a repetition of the 1925 increase in production, and competent observers feel that a decrease is more likely.

In view of these facts, it cannot be expected that the three outstanding sources of our present business prosperity, namely agriculture, building, and automobile production, will continue to give the same combined impetus to general business as they are doing at the present. Should there occur a recession in either or both the building and automobile industries, the output, employment and wage payments of a host of allied industries and activities would be affected. The consequent decrease in the incomes of city workers would tend to reduce their purchasing power for farm products, particularly for food products such as butter, poultry products and the better grades of meat, while a reduction in manufacturing activity would affect directly cotton, wool, and flaxseed prices, and indirectly through decreased employment, would tend to affect food prices.

Just as certain basic industries are now adjusting their future production schedules for a lower domestic demand during 1926-27, so should agriculture as a whole plan its 1926 production to supply a domestic market at best no stronger and probably somewhat less favorable than the present.



## FOREIGN DEMAND

The present prospects in foreign markets are that the demand for most of the products of our farms in 1926 will be no better than for the products of 1925, if as good, unless the competing products of foreign countries should be reduced by a less favorable season. Although the purchasing power of consumers in most countries for the products which they will have to import may be as good or better than in the past year, recovering domestic production and the imposition of protective tariffs is reducing the demand in some countries for foreign products and competition in all foreign markets probably will be at least as strong as last year.

In the present outlook situation the favorable factors are:

1. Improvement in the general economic conditions of the United Kingdom.
2. Probable reduction in 1926 in competitive production of wheat and cotton in India.
3. Possibility of lower crop yields in Europe than the universally high yields of 1925.

The unfavorable factors are:

1. Unstable economic conditions in several European countries, resulting in unemployment and reduction in purchasing power.
2. Tendency to increase plantings of crops and live-stock breeding in Europe.
3. Possible increased competition from Russia.
4. Tendency for continued expansion of agricultural production in Argentina, Australia, New Zealand and Canada.



In the United Kingdom, our most important foreign market, the demand for agricultural products continues stable with a tendency to improvement in some lines. Great Britain more than any other important country is dependent on foreign supplies for its staple foodstuffs. For wheat, the demand is relatively inelastic. Large quantities are imported each year from the most available sources of supply. During the past year the United States has been a smaller factor than usual in the British market for grains and pork products but for bacon, hams, and lard the United Kingdom has paid us more than in 1924 for smaller supplies. Larger quantities of butter were imported in 1925 than in 1924 and the sustained British demand has been a factor in relieving the American butter situation, since large foreign butter supplies might otherwise have come on the American market. The British market for fruits has been essentially sustained at the high level reached during the past few years. There has been a moderate falling off in apple imports but increased imports of bananas, citrus fruits, grapes and raisins indicate a strong prevailing demand for fruits. Tobacco imports have increased in quantity although with some decrease in value. The takings of cotton from the United States last year were a third greater than in 1924 and nearly double those of 1923. Prices were lower than in the previous years but the total value of imports remained slightly higher than in 1924 and considerably higher than in 1923.

The purchasing power of consumers in the United Kingdom appears to have increased to some extent during the past year, and present conditions are favorable to continued improvement. Unemployment has been steadily decreasing for some time, and there is in business a distinct note of confidence which in itself is a factor in steadying demand.



The influence of the United Kingdom upon cotton and wool markets depends quite as much upon her foreign markets for manufactured products as upon her domestic demand for goods. The outlook for strengthened demand for cotton textiles in India and China is somewhat uncertain, with immediate prospects rather unfavorable. Prospects are more favorable in South America and in Canada. Actual orders, however, are coming in very slowly since with declining cotton prices buyers hesitate to place orders. A moderate recovery in woolen textile manufacturing is expected with lower and steadier prices for raw wool.

The British demand for American pork products may be somewhat weaker next year than in the past year, because of stronger foreign competition and a probable tendency to increase domestic production toward the end of the year. The market for American lard may be somewhat weaker than last year.

Recovering agricultural production in Germany, increasing competition from the products of other countries, the imposition of protective tariffs and the incidence of an acute industrial depression have combined to weaken materially the present demand and immediate outlook for our agricultural products in Germany. There is little reason to expect next year a reduction in domestic supplies of foodstuffs unless present low prices and credit difficulties discourage German farmers to the extent of curtailing planting and breeding for next year or unless crop yields are reduced by a poor season. Our exports of pork products to Germany fell off very sharply from 1924 to 1925, even lard exports which were best sustained, falling from 232 million pounds in 1924 to 174 million pounds in 1925. Apple imports also declined although citrus fruits and dried fruits were imported in somewhat larger quantity. Tobacco imports increased but the increase was chiefly in imports from the near eastern countries, imports of American tobaccos showing a material decline. Cotton imports have



been heavy during the past year, but the present business depression will affect the demand for raw cotton as well as for some food products.

The German market for the agricultural production of 1926 depends largely upon the length of the present industrial depression. The immediate outlook is discouraging but many observers look for an upward turn within a few months. If this depression proves to be only temporary, the next cotton crop may find the German market stronger than it is at present.

France and Italy which are important in this connection chiefly as markets for cotton and wheat, are not likely to take more of these products in 1926-27 than in the present season. The wheat market in these countries will depend largely upon the outcome of the 1926 crops since in years of good yields both are able to supply a large part of their own requirements. Italy has sown a larger wheat area for next year. These countries have for some time maintained a high degree of industrial activity with full employment. The course of business in France with continued inflation or with an effort to stabilize currency is quite uncertain. While there is not at present as much uncertainty as to the financial situation in Italy, further material expansion in industrial activity is not to be expected, and some are doubtful as to the ability of Italy to maintain for long her present activity.

While of minor consequence to American agricultural production, Austria, Hungary and Czechoslovakia are in a better economic position than a year ago. Poland is suffering a severe depression. Denmark and Norway are also experiencing some depression. Sweden, the Netherlands, Switzerland and Belgium are in a satisfactory position.



Turning to the Orient, we find much uncertainty in China because of political unrest and civil war. The effect of this situation is problematical. It is probable that China's takings of tobacco which last year constituted about 13 per cent of the leaf tobacco and 75 per cent of the ciagarrettes exported from the United States will be largely sustained during 1926. Japan continues as a strong buyer of certain American farm products, particularly cotton. Unless an industrial depression should follow the recent strengthening of exchange, Japan should continue to be a good market throughout the year.

With normal seasonal conditions there is no reason to expect any less competition next year from Argentina, Australia, and Canada. India, however, is facing a poor harvest and will not be a competitor in world wheat markets. Russia, as usual, is an uncertain factor, but with a reasonably good season following the good crop of 1925 some increased competition from Russia may be expected.

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AGRICULTURAL CREDIT

Although there has been a slight tightening in commercial interest rates during the past year, present conditions indicate that sufficient funds will be available for farming purposes in most regions at rates in 1926 about the same as in 1925. During the fall of 1926, rates to cooperative marketing associations, insofar as they are affected by acceptance rates, may be somewhat higher if a further advance in commercial rates takes place.

The accumulation of capital has kept pace with the demand for credit and comparatively low interest rates have prevailed during the past year. The Federal Reserve Bank discount rate, which is now 4 per cent in all districts, remained unchanged during 1925 at seven of the reserve banks which serve predominantly agricultural districts and increased in the remaining five districts. Interest rates on Federal farm loans have remained at  $5\frac{1}{2}$  per cent in nine districts for the entire year of 1925, and are now from one-fourth to one-half per cent lower than a year ago in three of the districts. On the other hand, there has been a slight increase in Federal intermediate credit bank rates. While the rates for discounts have remained practically unchanged at 5 per cent, the rates on direct loans to cooperative marketing associations have been advanced from  $4\frac{1}{2}$  to 5 percent.

In general, the ability of farmers to finance their needs has been strengthened over recent years. This is reflected in the reduced demand for credit and in the continued growth of country bank deposits. While the general credit situation is thus favorable, there are spots where credit conditions are far from satisfactory. Local capital in some regions is insufficient to meet the needs of farmers and the cost of short-time loans is relatively high. The small farmer especially is often handicapped in obtaining credit accommodations at reasonable cost. In still other regions the credit situation has been aggravated by numerous bank failures. The Federal Intermediate Credit banks were established to meet conditions of this kind, and this source of credit should be utilized wherever needed to supplement the credit agencies now serving the agricultural industry.



FARM LABOR AND EQUIPMENT

During this spring and summer no material change in the supply of farm labor and no reduction in the level of farm wages below that of last year is to be anticipated. Should a marked decline in industrial employment take place toward the end of the year, farmers may expect a more plentiful supply of farm hands and a consequent lowering of wages.

In western States farm wages have been tending upward during 1925, and there has been some tendency for increases in the northcentral States east of the Mississippi River. Wages were nearly the same as in 1924 in other sections, and the average for the United States was two to three per cent higher on January 1, 1926, than on January 1, 1925. Whether wages will continue at this level throughout 1926 depends largely upon the developments in industry. Even if a recession in industrial employment should occur by the middle of the year, it would be too late to affect materially the farm labor situation until late in the fall.

The prices of most lines of farm machinery are now practically the same as a year ago. In many cases wholesale prices at the end of 1925 were identical with those at the beginning of the year, and it seems that no material changes are to be expected.

Prices to farmers of the more important building materials were slightly higher in October, 1925, than at the beginning of 1925. The wholesale price of lumber has been tending upward for the past several months and the building activity in prospect will doubtless prevent any decline at least during the next few months.

In general it seems that the cost of farm equipment and upkeep will remain at the present comparatively stable level so long as industrial conditions and the purchasing power of farmers do not change materially.



### WHEAT

From present indications it is reasonable to expect that the returns from spring wheat in 1926, will compare favorably with the returns from other grains in the areas particularly adapted to spring wheat production. With an acreage increase of four per cent in the hard winter wheat States last fall, and the crop going into the winter in good condition, a production of hard winter wheat somewhat larger than in 1925 is to be expected. On the other hand, the production of soft winter wheat may not be any larger than the short crop of 1925 as the acreage in the principal soft winter wheat States was reduced and the crop went into the winter in poor condition. This class of wheat may therefore continue to command some premium.

If an acreage of hard spring wheat equal to last year is planted and average yields are secured, there is likely to be a surplus of hard wheats for export and domestic prices may be expected to be more in line with those in other surplus producing countries than at present. In making their crop plans for the coming season farmers in the spring wheat States should watch closely until planting time not only the winter wheat prospects in the United States but also the foreign crop prospects as well as the possibilities for profit in alternative crops. While it is yet too early to forecast the 1926 world wheat crop a slightly smaller world crop outside of the United States may be expected unless Russia should become important. The areas of winter wheat planted in the countries already heard from are slightly smaller and the unusually high yields of 1925 are not likely to be repeated. World stocks at the beginning of the new crop year will probably not be large.

The total production of wheat in 1925 in all countries of the Northern Hemisphere reporting to date, representing practically all wheat produced in the Northern Hemisphere, outside of Russia and China, was 3,284,000,000 bushels, compared with 3,023,000,000 bushels in 1924, or an increase of about 9 per cent. The United States crop for 1925 was 669,000,000 bushels, compared with 863,000,000 bushels in 1924, a decrease of about 22 per cent. The wheat crops in Canada and most European countries were greatly increased over 1924, resulting in almost a complete reversal of the 1924 situation, when the United States crop was large and those in most other countries of the Northern Hemisphere were small. Estimates received to date for the Argentine and Australia, the chief wheat producing countries of the Southern Hemisphere for the crop just harvested, indicate a crop about 30,000,000 bushels smaller than the 355,000,000 bushels harvested in the winter of 1924-25. Most of this wheat will move to market within the next few months.

The present prospects for 1926 indicate that the crop outside of the United States will not be as large as in 1925, although the Russian situation is still uncertain. The expected decrease, however, may be largely offset by an increase in the United States crop. The indications are that wheat production in Russia is recovering and the exportable surplus from that country is likely to again become an important factor in the world market. The 1926 estimate of the Russian crop was about twice as large as that of 1924, being not far below the pre-war average for the same territory.



The crop of India will be small, for a decreased acreage is reported and crop conditions are reported to be somewhat below normal. Though favorable crop conditions are reported over most of Europe, a smaller crop than last year is probable, for a repetition of last year's unusually high yields is not likely to be realized. The reported seedings of winter wheat in Canada and seven other countries of the Northern Hemisphere outside of the United States in the fall of 1925 are one half of one per cent less than the seedings reported for the same countries in the fall of 1924.

World stocks of grain on hand at the beginning of the 1926 harvest will probably not be large. The short crop in the United States will no doubt result in a rather small carryover into the 1926 crop year. Canada, on January 1, 1926, had about 160,000,000 bushels available for export and carryover, and if the rapid export movement which characterized last fall is continued after the opening of navigation, it is probable that stocks will be reduced to a normal carryover. The probable carry-over in European countries is uncertain, but with large 1925 crops in those countries expected to stimulate domestic consumption, the carryover is likely to be about normal.

If average yields of winter wheat in the United States should be secured, and allowing for average acreage abandonment, the production of winter wheat this year would be about 25-30 per cent greater than in 1925, but about 10-15 per cent less than in 1924. The increase in winter wheat production is expected to take place in the hard winter States, where an increase of about 4 per cent in the acreage planted is reported. The conditions on December 1 in these States was considerably higher than on the same date in 1924, and somewhat above the 10-year average. In past years such a situation has usually resulted in a lower than average abandonment and a slightly higher than average yield.

On the other hand, the planted acreage in the soft winter States shows a decrease of about 6 per cent. Farmers in the chief soft winter States were unable to sow as much as they intended, owing to unfavorable weather for plowing and seeding; but there was some increase in the seeded area in the Middle Atlantic and Southeastern States producing soft red wheat. The reported December 1 condition in the four principal soft winter States averages 17.5 per cent below the 10-year average, and 12.9 lower than last year. The situation would indicate a crop of soft winter wheat in 1926 not much different from the small crop of 1925.

The situation in the Pacific Northwest for the crop of 1925 has differed materially from the situation in the country east of the Rockies. An increased production, with high costs of transportation, has kept the price of wheat in that region more nearly on an export basis than in other parts of the country. Attractive prices for soft red winter wheat have caused some movement of Pacific Coast wheat toward the eastern markets, by way of the Panama Canal, as well as by rail to the Middle West. If another short crop of soft red wheat should occur in 1926, as present prospects indicate, the growers in the Pacific Northwest may continue to find a favorable market in the East for a part of their output. The Australian crop is considerably smaller than last year, and will offer less competition in the export market with Pacific Coast wheat.



Spring Wheat: The protection of the tariff to spring wheat growers has maintained prices in this country well above those in Canada. The average price of No. 1 Dark Northern at Minneapolis for the six months ending in December, 1925, was 164.5 cents, which averages 13.7 cents above the price of No. 1 Northern at Winnipeg for the same period; whereas for the same months of 1924 Winnipeg averaged half a cent above Minneapolis. Whether the tariff will continue to maintain the price of spring wheat above Canadian prices during the coming crop year will depend both upon the production of spring wheat in the United States and upon the production of winter wheat, particularly hard winter, which can be substituted for spring wheat in milling. In deciding whether or not to increase their spring wheat acreage, farmers should remember that an increased production of hard winter wheat is expected.

Since Canadian spring wheat is the most important competitor of the hard spring wheat of the United in the world markets, the outlook for the Canadian crop is of particular significance. The acreage of wheat in Canada reached its highest point in 1921, and has since remained fairly constant. In 1925 there was a good yield, and the crop was marketed at relatively high prices, which will no doubt encourage farmers to keep the wheat acreage up to the level of the past five years. Although the unusually wet weather last fall hindered fall plowing, it provided an abundance of subsoil moisture, and should conditions this spring be favorable, there is no reason to expect a decrease in yield because of lack of fall plowing.

The production in this country in 1925 of a greater quantity of Durum wheat than was necessary for domestic consumption is keeping this class of wheat upon an export basis, and the price has fallen to a level considerably lower than last year because of competition in the world market with larger supplies of Durum from the countries of the Mediterranean Basin.

Prospects for Durum wheat prices depend largely upon the progress of the crops in this region, which supplies the countries of Southern Europe with much of their Durum wheat. The countries in the Mediterranean Basin report increases in acreage and generally favorable conditions. The outturn of the crop, however, is uncertain, due to the variable climatic conditions in these countries, hot drying winds at harvest time frequently changing materially the prospects for the crop. Should conditions continue favorable there is likely to be a lighter demand for United States Durum, and possibly a reduction in price. Prospective growers of Durum wheat should watch carefully the crop conditions in these countries up to planting time.

In those regions where materially higher yields are generally secured from Durum, wheat growers may find this class of wheat more profitable than hard spring. Even with the price of Durum on an export basis, the premiums paid for Amber Durum of good quality will probably continue to make this class more profitable than Red Durum.

Severe losses due to discounts for smutty wheat are reported from the grain market centers. The treatment of seed for smut this spring would seem to be particularly desirable if such losses are to be avoided.



CORN

While feeding requirements may be slightly larger next season a corn acreage this year equal to that of 1925 with yields as large as in recent years except in 1924 will produce a supply as plentiful, compared to the probable demand, as in 1925. With lower corn prices stimulating consumption and considerable corn required to replenish the nearly depleted stocks, the supply of old corn next fall for the country as a whole is not likely to be unusually heavy, although larger than on November 1, 1925.

Although the present low price of corn is viewed as a favorable factor to the livestock industry, where cheap feed tends to lower the cost of producing livestock and livestock products, the cash corn grower and the farmer with few hogs or livestock are vitally interested in the causes of the present situation and the general outlook for corn prices. The present low price of corn is due mainly to one of the largest crops on record for the Central States, where the bulk of the surplus corn of the country is usually produced. Southern States, however, suffering from summer drought, produced much less corn than usual and are now using feeds from other sections.

The carryover from the 1924 crop was unusually small but 1925 yields for the country as a whole were slightly in excess of the average and resulted in a total supply about 542,000,000 larger than last year although smaller than for any other year since 1919-1920. This increased supply, a further decrease in the number of hogs and cattle on feed, together with the high moisture content of a large percentage of the marketings, are principally responsible for the lower prices which farmers have received for corn which they have marketed this season.

The lower prices, however, are stimulating the increased commercial use of corn and causing heavier feeding on farms. While no definite figures are available as to the amount taken by industries, over 200,000,000 bushels can be accounted for in glucose and starch manufacture and for milling purposes. Since lower prices have prevailed more activity has been reported in these industries.

Hog prices have been favorable for feeding to heavier weights and receipts of hogs at the principal markets are averaging materially heavier than last year. If this is continued it may largely compensate for the smaller numbers on feed. The number of cattle on feed increased during December to nearly the number on feed on January 1 last year.

Marketings of corn to the first of February were larger than last year but materially smaller than during recent years when crops were slightly larger. The crop generally was well matured but rains late in the fall in the Corn Belt retarded the movement and lowered the quality of a large percentage of the receipts, causing them to sell at abnormal discounts under the higher grades of dry corn. Where farmers are in position to hold their corn in the cribs the average grade is likely to improve as the moisture dries out. Farmers may also find it desirable to hold some corn for next fall and winter feeding. Stocks at terminal markets have shown possibly slightly more than the usual seasonal increase and reflect the small shipping demand which has been restricted by the larger local supplies in many consuming areas.

Exports since November have been more than twice as large as last year but total exports will be only a small percentage of the marketable surplus as European countries can buy corn relatively cheaper from Argentina.

The supply of other feed grains which may be used to supplement the supply of corn is no larger than last year and feeding of such grains before new corn was available was apparently heavier than last season so that the amount of other grains that can now be drawn upon is relatively less than last year.



OATS

Oats production in 1925 was about 20,000,000 bushels smaller than in 1924 in spite of a 5 per cent increase in acreage but the larger carryover brought the supply for this season above last year's totals and prices have worked to the lowest figures since 1921-22. If last year's acreage is maintained relatively low prices for this grain will likely continue unless yields are reduced.

Around 3 per cent of the oat crop is milled for human consumption while net exports, war years excluded, have totaled less than 3 per cent of the crop. Nearly all the crop is utilized in animal feeding so that a downward trend in the demand for this grain may be expected on account of the smaller number of animals on farms. The decreasing number of horses, both on farms and in cities, is especially important in this connection.

Receipts of oats at the principal markets have been smaller than a year ago and commercial stocks are also somewhat smaller although they are much larger than at this time in 1924 or 1923. Considerable amounts have moved to the South and Southwest and for the past two months the takings have practically equaled the moderate receipts. Relatively low prices have favored heavier feeding of oats and it appears probable that large quantities were fed on farms before the new crop of corn became available.

BARLEY

An increased world crop of barley in 1925 and the larger supply of feed grains in the United States have resulted in materially lower prices for both export and feeding types of barley. Indications are that there may be a continued reduction in export demand while domestic feeding requirements likely will be slightly reduced as a result of the present increased supply of corn. An acreage in 1926 equal to that of last year with average yields will produce a crop nearly as large as in 1925.

On the Pacific Coast the 1925 barley production was over twice the short crop of the previous year but rains just before harvest lowered the quality of much of the California barley ordinarily going for export so that it sold at wide discounts in English markets. Exports from July to December 1925, from this territory, were slightly larger than for the same period in 1924 but local feeding is absorbing the bulk of the increased production on the Pacific Coast.

East of the Rocky Mountains production was moderately increased, particularly in North Dakota, Minnesota, and Wisconsin. Market receipts in this territory have been practically the same as a year ago, suggesting increased local feeding of barley. Probably considerable barley was substituted for corn before the new crop became available because of the high price of old corn last fall but it is likely that less barley will be fed this fall in view of the larger supply of corn. Domestic maltsters bought freely of the best malting barley received at Milwaukee and Chicago as the crop was of unusually good quality. Exports from the interior States from July to December totaled about 2,000,000 bushels more than for this period in 1924 but increased offerings of Russian barley in European markets competed sharply with feeding barley from the United States and Canada.



FLAX

With a record crop of flaxseed in Argentina from which a large surplus will likely be offered at lower prices in competition with domestic seed any general increase in the flax acreage does not seem advisable this year. Where because of unfavorable conditions the acreage in 1925 was considerably reduced, it may be advisable to increase in areas favorable to flax production. Farmers operating where new prairie or sod lands are coming into use or where flax ordinarily supplements the wheat crop on low priced land may find it advisable to increase the flax acreage. In choosing between wheat and flax, however, they should bear in mind that it is the relative price that will prevail next fall rather than present ratios that will determine which will be the most profitable.

Flax acreage this year equal to that of 1925 with yields equal to the average for the past five years would produce a crop about 15,000,000 bushels below the probable domestic consumption. The flax acreage in 1925 was about 450,000 acres smaller than in 1924, as a result of unfavorable weather at seeding time which caused a reduction of more than 500,000 acres in North Dakota. Average yields of only 7.3 bushels per acre further reduced the crop which totaled slightly more than 22,000,000 bushels, or about 19,000,000 bushels below domestic requirements, for seed purposes and for oil production.

The distribution of the exportable surplus of the Argentine crop together with the European demand for flax seed and linseed oil will be dominant factors in the flaxseed market situation during the coming year.

The latest estimates place the Argentine crop for this year at 75,000,000 bushels with an estimated exportable surplus of from 57,000,000 - 63,000,000 bushels. If as in previous years we take practically the entire exportable surplus of the Canadian crop, which is approximately 6,000,000 bushels, our requirements of Argentine seed would be around 7,000,000 bushels for the remainder of the present crop year, as imports of Argentine seed so far during the present crop year, July-December, have amounted to approximately 6,000,000 bushels. This will leave around 60,000,000 bushels of Argentine seed available for export to other countries and to be offered in competition with our domestic crop this fall.

Assuming that the surplus in India will be as large as last year there will be available for export to European and other countries outside the United States around 70,000,000 to 75,000,000 bus. during 1926. This is much larger than has been taken by these countries during recent years although European imports in 1913, when the world crop was around this year's estimate, were nearly as large.

The materially lower prices of flax seed and linseed oil in European markets will favor increased consumption but it seems probable that this supply will continue to be a weakening factor which will be reflected in lower prices in the U. S. market during the coming season.



RICE

Rice production has exceeded consumption in the United States and insular possessions for a number of years; consequently rice growers in the Southern States and California are in competition with producers in other exporting countries, and the price of rice in the United States is greatly influenced by the size of the world crop. The price depends partly, however, upon domestic demand conditions. The domestic demand for rice in this country has increased this year. Notwithstanding a slightly larger crop and decreased exports the price on December 1 was 11 per cent above that of the previous year at the same date. The short potato crop with consequent high prices is probably a factor in helping to increase rice consumption this year. This influence is not likely to continue next year.

A tendency towards increased acreage in the principal rice growing countries is in evidence, and the prevailing high prices for rice will doubtless be a strong incentive toward an increase of acreage in the United States. Farmers in the rice growing sections should, therefore, consider the situation carefully before deciding upon any increase in their rice acreage.

RYE

A review of the rye situation will aid in interpreting the outlook for wheat, since rye is an important bread grain in many European countries and may assist rye growers in deciding whether to harvest their rye for grain or make some other use of it. Notwithstanding a decrease in the crop of rye in the United States from 64,000,000 bushels in 1924 to about 49,000,000 bushels in 1925, the price of rye has fallen to a level considerably below that for the 1924 crop, because of a 38 per cent increase in the world crop. The prices of rye in many sections of the United States are now on a fixed basis. The rye acreage sown for harvest in 1926 in six countries reporting to date, including the United States, shows a decrease of about 11 per cent, as compared with the harvested acreage last year. These, however, do not include Russia, Germany, and Poland, the most important rye producing countries of Europe. The acreage planted in the United States for harvest in 1926 shows a decrease of 16.2 per cent below that of last year, and is now not far above the pre-war level. As is the case with wheat, production outside of the United States, especially in Russia, Germany, and Poland, will be the governing factor. Crop prospects in these countries are officially reported to be above average, and as the trend of production has been upward, the prospect for improvement in prices in the United States, except in years of deficient world production, is not promising.



Clover and Alfalfa Seed

Inasmuch as red and alsike clover seed stocks are considerably below normal and prices are higher than normal, the production of these seeds should be increased. On the other hand the production of sweet clover and alfalfa seed might well be curtailed because stocks of these seeds are much larger than normal and prices generally lower.

The attention of farmers who wish to sow alfalfa or sweet clover for hay, pasture or soil-enriching purposes is called to the fact that an ample supply of good seed is available at prices that are the lowest since 1922.

Production of red clover seed during the past three years has been much below normal largely because of unfavorable weather conditions. Based on consumption of red clover on estimated (from all clover) production plus imports minus exports, the average annual consumption for the past 10 years has amounted to about 72,000,000 pounds. The 1924 and 1925 crops fell 30%-40% short of this and the deficiency has been met in part by large imports from Europe - particularly from France. The American farmer apparently is willing to pay considerably more for domestic than for imported red clover as domestic seed at present is selling at a premium of about 6¢ a pound over the price of imported seed of similar quality.

The average annual consumption of alsike clover seed during the past 10 years is estimated at 24,000,000 pounds. Production during the past three years was much below normal. Demand last year was unusually good and carryover at this time both in the United States and Canada is the smallest on record. Prevailing prices are the highest since 1921.

The large 1925 crop and carryover of sweet clover probably are greater than can be absorbed this year, notwithstanding the fact that the demand has been increasing steadily in recent years. Sweet clover seed production has extended to a number of sections that heretofore have been obliged to ship in much or all of their seed from other sections.

The 1925 crop of alfalfa seed, amounting to 48,000,000 lbs., was the largest one on record. The carryover was larger than usual. The available supply for spring and fall sowing, therefore, is much larger than usual, notwithstanding small imports. Relatively higher prices for some other seeds may cause substitution of alfalfa for these seeds. Furthermore, favorable weather in some sections that were unable to sow the usual acreage last year because of drought or for other reasons may increase the demand for alfalfa seed. Unless the demand, however, is much greater than expected there is likely to be a considerable carryover of common alfalfa seed. Carryover of Grimm and other hardy varieties or strains may be a little larger than usual.



## COTTON OUTLOOK

For the past two seasons the rate of world production of cotton has exceeded the rate of world consumption with the result that stocks have been increased. Accumulated stocks are not yet burdensome as a whole but further material increases might easily make them so.

It is almost certain that the world carryover of American cotton, as well as of other growths, on July 31, 1926, will be appreciably larger than on July 31, 1925, owing to the size of the 1925 crop. It is also probable that if the 1926 crop is as large as that of 1925, the price will be somewhat less, since the world will go into the new season better supplied with raw cotton and probably better supplied, also, with cotton goods.

The assumption that the carryover on July 31, 1926, will be appreciably larger than in 1925 is further supported by the fact that the current European demand for American raw cotton seems somewhat less active than the demand at this time last year. With supplies measurably larger than they were at the end of the calendar year 1924, and prices approximately 15 per cent lower, exports to Europe for the season to date are about the same as in the corresponding period last year. They are moving, however, in a less constant flow. Official figures are not yet available but with cotton in plentiful supply mill activity shows outwardly no material increase in France or Italy, and in Germany where the mills were busy <sup>6/15</sup> the season the industry is now depressed. In the United Kingdom mill takings of American cotton show a substantial increase but a further curtailment in working hours has recently been put into effect. Japan, on the other hand, took 604,000 bales in the five months, August--December, as compared with 483,000 bales in the same months last season. Stocks of American raw cotton in foreign ports are relatively full. In the normal course of events, some improvement in the present slow demand from abroad is to be expected, but an active and sustained demand throughout the remainder of this season is hardly likely. Indications of conditions which may prevail during the period in which the 1926 crop will be marketed point to a foreign demand no better than that of the present season.

In this country there seems to be no reason to suppose that domestic demand will change materially before July 31, 1926, although, were a change to come about, a reduction would be more probable than an increase. The conditions under which the new crop will be marketed are somewhat uncertain but there is no marked indication that the domestic mill demand will exceed that of the present season.

Should the acreage for the United States in 1926 equal the 1925 acreage and the yield per acre be that of the average for the last five years, 1921 to 1925, inclusive, i.e., 143.2 pounds of lint per acre, the production would be about 13.8 million bales, and with the probable carryover from the current season there should be no shortage of supply. But the five years which make up



this average include the three lowest yields per acre which have occurred in the past half century, and a yield somewhat larger than this average would not be unexpected. A production resulting from a yield larger than the five-year average on an acreage equal to that of the past season, taken in conjunction with the prospective larger carryover for this year could easily result in a price too low to render a profit to larger numbers of producers. Obviously the situation might be aggravated if the acreage were increased. The price readjustments in times of oversupply never fail to bring serious consequences not only to farmers but to all branches of the industry and to related business as well.

On the other hand, there is little reason at this time to believe that favorable weather over a large part of the belt and the relative freedom from weevil damage that has been enjoyed in the past two seasons will be repeated. present indications are that the number of weevils which entered hibernation in considerable sections of the Cotton Belt is unusually large as compared with past years, although if the weather is unfavorable to the weevil either during hibernation or during the cotton-growing season, it will tend of course to deplete these numbers and reduce the probable amount of damage.

From present available data the production of cotton in foreign countries in 1925 is the largest on record. This follows in part from favorable weather conditions in those countries. In part also it is the result of the economic situation in Europe and the apparent necessity felt in some consuming countries of creating within their own domains a good part at least of the raw materials required by their industries. The exertion of these economic forces may be expected to continue. Foreign cottons, while not competing directly with the American crop as a whole, and least directly with those cottons having a staple length of an inch to an inch and an eighth, do compete indirectly. It is perhaps significant that the Egyptian government has taken action tending to limit the acreage which may be seeded to cotton in the present year.

It is likely that cost of production per acre, in this country will be about the same as in 1925, there being no outstanding indications to the contrary at the present time. Wages paid to labor are about the same as in 1925. The cost of keeping mules will be somewhat lower in some areas, although in other areas owing to the short crop of hay and grain this item of expense will be higher. There is no present indication of radical changes in the cost of farm machinery or fertilizers. These four items of expense approximate two-thirds of the cost of producing cotton. Should there be a change in the cost of one or more of these items during the coming spring, it is not anticipated that such changes would be of enough importance to effect material changes in production costs. Calcium arsenate is in plentiful supply and available at this time at relatively low prices.



Studies of crops of past years indicate that about 54 per cent of the variation in the total annual production of cotton in the United States has been due to changes in acreage, while about 46 per cent has been due to fluctuations in yield per acre. Notwithstanding the diversity of conditions which confront various sections of the Cotton Belt, growers in planning their year's production of cotton would probably do well, generally speaking, to proceed with caution. It should not be forgotten that there is always an advantage in having qualities that are desirable and in demand. Growers in every locality may well have in mind the tendency toward increased competition among producers both here and abroad, and give some thought to the possibility of so organizing production as to reduce costs per pound. The possibility of renewed boll weevil attack should not be overlooked. Should there be a recurrence of heavy infestation, the use of calcium arsenate at present prices would doubtless prove profitable in many areas.



## TOBACCO

Cigarette types are relatively in the most favorable situation of the various classes of tobacco, with cigar types second, and the smoking, chewing and dark export types last.

Bright flue cured is the most important of the cigarette types and is an important export type as well. Production and stocks are on a high level. The stocks of bright flue cured leaf in the hands of manufacturers and dealers on January 1, 1926, were reported by the Bureau of the Census at 603,089,699 pounds, which has been exceeded by only one January stocks report, - that of 1924. Production in 1925 amounted to about 553 million pounds, exceeded only in 1920 and 1923. Exports of this type during the early part of 1925 ran behind those of 1924. Disturbed conditions in the Chinese tobacco trade have had a bad effect on exports of leaf and cigarettes alike, but there was marked improvement in November and December. Total exports for 1925 show an increase over the previous two years.

The outlook for 1926 will depend upon the further growth of the cigarette industry. Manufactures of cigarettes in 1925 exceeded those of 1924, and there is no apparent indication that the industry will not continue to grow. Exports in 1926 should be about on a par with those of the past two years.

On the other hand, a part of the strength of flue cured tobacco at present is probably due to the relatively short crop of Burley, another cigarette type. The general situation indicates that fairly remunerative prices may be expected in 1926 if the crop is no larger than that produced in 1925.

Burley. The supply of Burley tobacco continues large, notwithstanding the fact that the production of Burley in 1925 was about 16 per cent below that of 1924. At present cigarette grades are most in demand, and are holding up the general average price per pound. The stocks of Burley leaf on October 1, 1925, were the highest October stocks on record, 459 million pounds. Added to the estimated 1925 production, the available supply on that date amounted to more than 730 million pounds, three million pounds in excess of the previous high of October 1, 1924.

Burley growers may easily be misled by present prices. The 1925 average yield per acre is estimated at 794.3 pounds compared with 863.8 pounds in 1924. While the 1925 yield was unusually low, the chances are that the yield in 1926 will be more nearly in line with the usual yield for this type, around 850 and 860 pounds, which on the same acreage as last year would make an increase in production of 20 or 25 million pounds. Any increase in acreage therefore is inadvisable.



Maryland Tobacco. ~~Maryland tobacco presents the unusual~~ situation of declining prices accompanying declining supply. Since 1920 the production has been on a low basis, although that for 1925 was more nearly in line with the average. The trend of stocks has been steadily downward, dropping from about 29 million pounds on October 1, 1921, to about 17 million pounds on October 1, 1925. The supply on October 1, stocks plus current crop, was about 42 million pounds. From 1917 to 1922 the supply ranged from 46 to 65 million pounds. While at least three-fourths of the Maryland tobacco in former years was exported, its use more recently in cigarette blends has reduced exports to about one-half.

Two possible causes exist for the present situation in Maryland leaf. High prices during and following the war resulted from the competition between export demand and domestic cigarette manufacture. This has probably turned export demand toward less expensive types of tobacco of either American or foreign production. Lack of uniformity and care in grading and packing has had a further influence. It also seems probable that the supply of this type in grades suitable for cigarette manufacture is insufficient to maintain a dependable market. Improvement in the price situation would appear to depend upon the production of a larger percentage of cigarette grades and upon greater attention to grading and packing for export trade.

Chewing, Smoking and Snuff Types. These comprise the dark fired, dark air cured, and Virginia sun cured types. Almost without exception they have suffered decline in prices for the 1925 crop compared with 1924, notwithstanding the fact that the supply of the group has declined about 22 per cent during the past two years. The demand for chewing and snuff, if not actually declining, is at least not growing. Furthermore, the greatly increased production of similar types of tobacco in foreign countries has made serious inroads on the foreign market for the American dark fired types. Italy, which in the past has been an annual purchaser of 38 to 40 million pounds of dark fired tobacco, is not only producing practically all of its own tobacco, but to some extent is competing with American leaf in other foreign countries. Great Britain has greatly stimulated production in her colonial possessions by giving them the benefit of differential import duties. Also, in practically all countries the cigarette habit is taking the place of other forms of tobacco use. The result of these influences is shown by the declining exports and lower prices paid to growers. Green River exports show an increase over 1924, and the present low prices are partly due to the poor quality of the crop.

The prospects for improvement in either foreign or domestic demand are far from encouraging. Rather, it is logical to expect a further decrease in market needs, at least until such time as

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new markets can be found and developed. It is still true, however, that vrammer grades of dark fired tobacco are bringing remunerative prices, but unfortunately only a small per cent of the crop runs to the higher grades.

Two objectives should therefore be kept in mind by the growers for 1926,- to readjust their total production in accordance with the undoubted decrease in demand, and strive for betterment of quality. Both objects can be accomplished by restricting plantings to such an acreage per man as can be given intensive care during the cultivation and curing of the crop.

One Sucker has become one of the least profitable types to grow. The consumption during 1925 reached the lowest point since the war, and stocks are higher than for several years past. Its foreign trade is unimportant, the principal use being for plug, twist and snuff. This type is therefore being crowded out by the swing of popular taste to cigarettes.

Virginia sun cured, a plug type, is likewise on a decreasing scale, both of production and consumption. Stocks are the lowest on record, and a short crop was produced in 1925. In spite of this situation prices being paid are below those for the 1924 crop.

Virginia fire cured has maintained a high average price per pound compared with western fire cured types, notwithstanding the fact that consumption has been on a downward scale, and stocks are unusually high. The factors which are adversely affecting the western types may be expected ultimately to operate also against Virginia dark.

### Cigar Types

The cigar trade has lost ground in recent years due to the increasing popularity of the cigarette. The most hopeful signs for its revival appear to be a noticeable trend toward 5-cent cigars and a prospective reduction in the tax on cigars.

The past year has witnessed an increasing number of new nickel brands, made possible in part by economies in manufacture. Class A cigars, selling at five cents, show slightly increased sales, whereas Class B, two for fifteen cents, have decreased, and Class C, ten and fifteen cents, have remained about the same. With further attention to the production of low priced quality cigars there should develop a broader market for cigar leaf, at fair prices, especially of the types grown in Pennsylvania, the Miami Valley, and Wisconsin.

In the Connecticut Valley, the situation of the tobacco growers has become acute. Abnormally large stocks have accumulated and the price per pound has declined sharply. Stocks are said to consist to a large extent of the upper middle grades such as go into Class B cigars, two for fifteen cents, the sales of which are declining. Material reduction of tobacco production in this area appears inevitable.



## POTATOES

Growers of early potatoes who can market their product by the first week in June need have little fear of overproduction this season, but growers in the intermediate and late potato states will need to keep a close watch on the acreage being planted in competing sections because many growers who made unusual profits from the 1925 crop seem to be unduly optimistic regarding the returns to be expected this season. If the total acreage of potatoes in the United States is not increased over the very low acreage harvested in 1925 it is probable that good profits would again be secured. If the acreage is increased 7 per cent it would equal the acreage harvested in 1924 when, on account of abnormally high yield many more potatoes were grown than could be marketed. If the acreage is increased by 10 per cent and a yield of 110 bushels per acre is secured, the production would be 377 million bushels, which is about the average production in the United States during the last ten years. If the acreage is increased as much as twenty per cent as it was following the short crop of 1916, a yield of 110 bushels per acre would give a crop of 411,000,000 which is the equivalent of 3.55 bushels per capita. During the last 15 years such a crop has, in nearly every case, reduced returns from potatoes sufficiently below those from competing crops to cause a reduction in the acreage of potatoes planted the following year.

Conditions are so abnormal this spring that, outside of the very early states, no individual farmer can afford to plant a greatly increased acreage of potatoes without taking into consideration the acreage being planted by others. Farmers who find that many of their neighbors are planning to put in a very largely increased acreage of potatoes should at least be cautious about doing the same, for the response of growers in one's own community to an abnormal price situation is often fairly good indication of what is happening elsewhere. On March 19 the Department of Agriculture will issue a report on the acreage of potatoes and other crops which farmers then intend to plant but in the case of potatoes changes after that date may need to be considered this season.

There is room for a considerable difference of opinion regarding just what acreage of potatoes should be planted because there is evidence that the quantity of marketable potatoes produced per acre is increasing and the per capita consumption may be declining somewhat. The overproduction from the crop of 1924 resulted primarily from the exceptional yield of 127 bushels per acre. The acreage that year was relatively low and if the yield had not exceeded all previous records the crop could have been marketed without difficulty. The unusually high price being paid for the crop of 1925 resulted from a 7 per cent reduction in acreage, combined with a reduction of 18 per cent in the yield per acre. In 1925 the yield per acre was 103.8 bushels, or 3 bushels per acre above the average yield during the previous ten years. The securing of this yield, notwithstanding the generally unfavorable weather conditions, supports other evidence indicating that, on account of improvement in the quality of potatoes grown for seed purposes, the yield of potatoes in the United States is now likely to average close to 110 bushels per acre, altho the average yield during the past ten years has been only 100.8.



### BEANS

The total production of all classes of ~~dry edible~~ beans in the United States in 1925 is estimated at about 12,000,000 bushels, or about 4 million bushels greater than in 1924. The 1925 crop, however, contains an unusually large percentage of damaged beans. The increase in the supply of beans suitable for food appears from recent inquiries to be about two and a half million bushels more than in 1924.

Prior to the World War our domestic consumption was about 12 million bushels. Since then the consumption of beans in the United States has increased materially. Last year our requirements for all purposes were around 15 to 16 million bushels.

The production of white pea beans in Michigan and New York was about 7,225,000 bushels in 1925, an increase over 1924 of about a million bushels. The increase in production would have been much greater except for the abandonment of 10 per cent of the planted acreage in Michigan and 25 per cent in New York. However, the unfavorable weather at harvest time so damaged the beans that the reclaimed or hand-picked stocks apparently will be about the same as last year, roughly five and a half million bushels. With an average season and average yield and quality, a planted acreage in these two states in 1926 equal to 50 per cent of the acreage planted in 1925 would produce a crop of cleaned beans about equal to that of 1925, which appears to be sufficient to meet present demands.

Up to this year, the increasing production of Great Northern beans in Idaho, Montana and Wyoming has been readily absorbed at prices equal to or higher than those prevailing for pea beans. The production in 1925 of almost two million bushels, or 50 per cent more than in 1924, resulted in a farm price about 25 per cent lower than in December, 1924. This decline should be sufficient warning against too rapid expansion in the acreage of this type.

The Pinto bean is largely a dry-land crop, with production dependent upon weather conditions. The increase in production of 750,000 bushels, or 44 per cent, was due to favorable yields in Colorado, despite reduced acreage. The significance of the consequent heavy decline in price, should be considered by growers of Pintos who have a choice of crops. The production of Red Kidneys was somewhat curtailed in 1925, owing to the severe losses in acreage, yield, and quality in New York and as a result prices have risen moderately.

The production of most California varieties is much less than usual, although larger than in 1924. Blackeyes or double their usual production in that State.



PEANUT CROP

If imports continue light for the remainder of the year, last season's acreage of Virginia type peanuts can be maintained with a reasonable prospect of higher returns to the grower. But, if conditions in China clear up and 1926 imports equal those of 1925, holding acreage at the 1925 level very likely will mean prices only slightly higher than the unsatisfactory prices of this season. In any event the probability of a light carryover is a favorable factor. In the fall of 1925 there was a substantial carry-over from the crop of the previous year and also of Chinese peanuts of the Virginia type. Not only has the old carry-over been disposed of, however, but shipments to date of cleaned and shelled stock from the Virginia Section have been 40 per cent above those of last season for the same period. Prices to the grower on Feb. 2 were about 20 per cent above the season's low point.

If the 1925 acreage of the Spanish and Runner varieties harvested for nuts is maintained or slightly increased this spring, satisfactory returns to the grower are reasonably assured. There should be no carry-over problem for these types this fall as there was the year before. As a matter of fact it was the carry-over from the 1924 crop rather than the size of the 1925 crop which accounted for the low opening prices last fall. Farmers stock has moved to market so rapidly, however, that many shellers do not expect to be able to run their mills throughout the year. As the shortage has become apparent, prices have advanced sharply. On Feb. 2 ruling quotations on Spanish type farmers' stock were 40 per cent higher than those of a month before.



## SUGAR

Domestic sugar cane and beet sugar producers may reasonably expect a further general decline and possibly some improvement in prices for the 1926 crop. The extremely low price of sugar during the past year makes it unlikely that any material expansion will be made in foreign sugar cane areas in the immediate future.

The present Cuban cane sugar crop was estimated by Hinely at 5,928,000 short tons. Other recent private estimates have ranged from 5,700,000 to 6,000,000 short tons compared with 5,812,000 short tons officially reported for the previous season. The large crop of 2,531,000 short tons in Java in 1925 is not likely to be duplicated in 1926 because of more or less severe drought. In Europe the 1925-26 beet sugar crop is estimated at 7,930,000 short tons compared with 7,729,000 short tons the previous season. In the United States the combined beet and cane sugar production from the 1925 crop is equivalent to about 1,160,000 short tons of raw sugar compared with 1,260,000 short tons in 1924. World production of sugar for the season 1925-26 is estimated at 27,000,000 short tons compared with 26,500,000 short tons for the previous season, an increase of about 2%.

Commercial reports indicate an increase in sugar stocks September 1, 1925 in the United States refining ports, Cuba, France, Belgium, Great Britain, Czecho-Slovakia, Germany, and the Netherlands, of nearly 800,000 short tons over September 1, 1924.

Consumption has been increasing during recent years in the United Kingdom, Continental Europe and the United States, but the per capita consumption in Europe is considerably below that of Australia and the United States. In 1925 the United Kingdom consumed less sugar than in 1913 and Germany is using much less sugar than 10 years ago. Apparently, world consumption may be expected to increase and may equal or even exceed the coming seasons production.



BEEF CATTLE

Both the immediate and long-time outlooks for the cattle industry now appear more favorable than in recent years. The number of steers is the lowest in many years; beef cows number 2.5 million less than in 1920 but milk cows are more than a million greater and many of these produce beef calves. The number of breeding animals is apparently large enough at present to produce as much beef as it will pay cattle producers to raise. A reasonably constant demand for beef is anticipated and no prospect of early competition in United States markets from foreign sources is in sight. Cattle prices are apparently in the upward swing of the cycle with the peak still several years in the future.

According to the most recent estimates of the department the number of all cattle in the United States declined almost 9,000,000 head between January 1, 1920, and January 1, 1926, or from 68,800,000 to 59,900,000. The estimated decreases were 3,100,000 steers, 3,700,000 calves, 750,000 heifers and 1,400,000 cows. This represents an average annual decrease of about 1,500,000 head during the period. Of this decrease, 7,000,000 head were in the areas from which the supply going into inspected slaughter is derived.

A striking feature of the supply situation is that the number of steers has been declining at the rate of about half a million head per annum for the past six years, with the result that at present the number of steers in the country is more than 30 per cent smaller than in 1920.

Since the number of milk cows increased steadily from 1920 to 1924 and only decreased slightly in 1925 it is certain that most of the decrease in cows has been in those most directly related to the beef



supply. The estimated number of cows of all kinds in 1920 was about 33,300,000 and in 1926 about 31,800,000. During the same time the estimated number of milk cows increased from 21,230,000 to 22,290,000. The decrease in cows devoted exclusively to beef production is thus indicated at around 2,500,000 head. However, a considerable part of the cows kept for milk are cows of beef type whose increase is largely saved for beef purposes.

The present beef cattle situation therefore seems to be one of a shortage of steers, especially of those over 2 years of age, but with breeding herds of cows and heifers sufficiently large to maintain as much production as will pay cattlemen to produce.

The annual inspected slaughter of cattle and calves during the six years, 1920-1925, averaged 13,390,000 head, of which 8,917,000 head were cattle and 4,474,000 were calves. Apparently the average yearly inspected slaughter has been exceeding replacements in the inspected slaughter supply areas by about 1,200,000 head a year. The largest slaughter and greatest reductions in numbers have been during the last three years, those in 1925 being the largest of the period.

Apparently the yearly inspected slaughter of cattle and calves cannot greatly exceed 12,200,000 head without still further depleting numbers. A slaughter of this amount would be nearly 20 per cent under that of the past year.

Packers in 1925 bought 877 million pounds more cattle excluding calves than in 1922 and 288 million pounds more than in 1924 yet they paid 53¢ per 100 lbs. more for cattle in 1925 than in 1922 and 44¢ more than in 1924. Since the lower priced cattle, that is cows and heifers, made up a greater proportion of total slaughter in 1925 than in previous



years the actual increase in cattle prices was greater than these figures show. Packers also bought 238 million pounds more calves in 1925 than in 1922 at an increase in price of 62¢ per 100 lbs. and 70 million lbs. more than in 1924 at an increase in price of 98¢ per 100 lbs.

The sharp advance in prices of finished cattle in the summer of 1925 although not maintained to the end of the year served the purpose of revealing the underlying strength of the market and showed what may be expected whenever real curtailment of supplies develops. If the prospective smaller supplies of pork in 1926 result in higher prices for that commodity an increase in the demand for beef can be expected.

During the first half of 1926 market receipts of slaughter cattle are expected to be about the same as in 1925 with prospects favoring somewhat heavier supplies of grass cattle this spring from the Southwest. Average weights may be somewhat less than a year ago but average finish and quality will be somewhat better. Average prices are expected to show a gradual upward trend although with adequate supplies available no sensational advances are in sight. Presumably lower grades will show a disproportionate advance, thereby narrowing the price spread between the better and lower grades of cattle to less than usual.

During the last half of 1926 total market receipts of cattle are expected to fall considerably below those of 1925. Marketings of range cattle are expected to be materially less but the number of grain-finished cattle may show an increase. A marked decrease in steers, both grass fat and feeders is indicated. While the general level of beef cattle prices during this period will depend somewhat on the general business situation it is expected to average considerably higher than last year although top prices will probably not reach the peak touched in 1925. Well-finished, lightweight cattle will probably sell at the top for the greater part of the year.

Calf slaughter in 1926 is likely to be less than in 1925. No marked shortage of veal, however, is anticipated. Presumably the total tonnage of beef available for consumption in 1926 will be considerably less than in 1925 during which it was much larger than for any other year in the past five. The purchasing power of beef cattle should increase substantially during 1926.

In making plans for the future breeding herds should be carefully culled and cared for and calf crops increased so that the same number of cattle will produce a greater quantity of beef of a higher quality. Such beef should sell at relatively higher prices. The maintenance of high grade breeding herds rather than relatively large numbers of steers as in the past will place the cattleman in a position to increase production quite promptly when prices justify it. This will make for more flexible production, lower production costs, and quicker turnovers.



HOGS

The outlook for the swine industry throughout 1926 appears very favorable, with indications that hog prices will be maintained at high levels. The number of hogs in the areas of commercial production is the smallest since 1921 and for the entire country the smallest in many years. Stocks of pork and lard are the second smallest in 10 years and the present strong domestic demand for pork products seems likely to continue thru most of the year. Hog production has been declining since 1923, but apparently the low point in the production cycle has been reached as farmers' reports indicate that the number of sows bred for the 1926 spring pig crop was slightly larger than for that of 1925.

Supplies to June 1, 1926. The pig surveys of last year indicated a reduction in the Corn Belt of 11 per cent in the spring pig crop and 13 per cent in the fall crop from those of 1924. The estimated number of hogs on farms in the Corn Belt January 1, 1926, however, was only 7 per cent less than January 1, 1925. This confirms the expectation that the favorable feeding ratio between corn and hogs would retard the marketing of the 1925 spring pig crop.

Federally inspected slaughter of hogs from November 1925 to May 1926 inclusive is expected to total about 27,000,000 as compared to 31,189,000 for the same period the year before. Approximately 12,500,000 head were slaughtered during the three months ending January 31, 1926 leaving some 14,500,000 for slaughter from February to May. The slaughter from February to May 1925 was 13,969,000. Hog weights will probably average somewhat higher in the first half of 1926 than in the corresponding period of 1925.

Supplies from June 1 to November 1, 1926. Hogs slaughtered from May to October come largely from the fall pig crop of the previous year and from sows farrowing in the previous spring. The fall pig crop in the Corn Belt in 1925 is estimated at about 1.5 million head less than that of 1924. The number of sows to be marketed next summer will probably not differ greatly from 1925 and total slaughter from June to October is estimated at from 1.5 to 2 million head smaller than in 1925.

Supplies from November 1, 1926 to May 31, 1927. The supply of hogs reaching market next winter will come mainly from the pigs born this coming spring. The number of sows bred or intended to be bred for farrowing in the spring of 1926 was reported as 12 per cent larger than the number that actually farrowed in the spring of 1925 for the United States and 11 per cent larger for the Corn Belt. Previous surveys have shown that the sows that actually farrowed in the spring have fallen from 8 to 10 per cent short of the number reported bred in the previous December. These previous surveys have been made in periods unusually favorable to increases in hog production. The size of the 1926 spring crop therefore cannot now be changed so far as breeding is concerned and the principal remaining factor which will influence it is weather conditions at farrowing time. Last spring weather conditions at farrowing time were very favorable and the average number of pigs saved per litter was 10% larger than usual.

It appears therefore that supplies available for market next winter will be little if any larger than during the winter 1925-26, unless additional breeding since the December pig survey reports were obtained increases the 1926 spring pig crop above present indications.



Foreign Demand. Prospective foreign demand for American pork products during 1926 does not promise much improvement over 1925.

Economic conditions in our most important market, the United Kingdom, promise to be somewhat better than last year, and there is some likelihood of a relatively good demand for cured meats during the first part of the year with Danish and Irish supplies running smaller. British lard imports, however, seem hardly likely to be as large as last year.

The outlook on the Continent as a whole is less favorable than in the United Kingdom. German demand for pork products has decreased somewhat during the past year and seems likely to be restricted by the difficult credit situation during the next few months, although economic conditions are expected to improve before the year is over. The present indications are, however, that a distinct upward tendency in European hog production may be expected during the latter part of the year, especially in Germany and Central Europe.

Domestic Demand. During 1925 the total weight of hogs slaughtered under federal inspection was almost exactly the same as in 1922, yet the amount paid by packers was 240 million dollars, or one-sixth, more than in 1922, showing the much stronger demand in 1925. Active business conditions will probably continue thru the first half of 1926 and the greatly reduced hog supplies in areas outside of the Corn Belt will tend to increase domestic demand. If less favorable business conditions should develop some slight effect upon demand for pork products in late 1926 and 1927 may result, but no drop in business activity sufficient to materially affect hog prices is anticipated.

Price Outlook. The demand for pork products this spring is expected to be about as strong as last spring. If the 1926 spring pig crop is no larger than now indicated market supplies will continue small through the winter of 1926-27, and only the usual seasonal decline in hog prices seems likely.

Hog production is now at the low point of the cycle. Similar conditions in the past have usually been followed by increased production beyond the point of greatest profits. In making breeding plans for next fall, and especially for the spring of 1927 farmers should remember that largely increased supplies are not likely to sell at present prices. In sections outside the Corn Belt, however, present local supplies are much below what seems needed to meet even normal rural requirements.



### SHEEP AND WOOL.

Facts justify the belief that 1926 will be a good year for the sheep industry, though not quite so favorable as 1925. With favorable weather conditions slightly larger lamb production in 1926 is indicated. A gradual slackening in the demand for both lambs and wool in late 1926 and in 1927 seems possible. There could be a further increase, however, in lamb and wool production in some sections at a profit, over alternative enterprises, even though such expansion should result in somewhat lower prices.

#### Lambs

Demand. Consumptive demand for lamb has been growing with population at about 1 1/2 per cent per year. Active feeding and breeding demand, unusually favorable urban conditions, and high prices for beef and pork helped to maintain high lamb prices in 1925. The latter two factors appear favorable for 1926, with increased competition from pork, probably beginning in 1927. Urban prosperity promises to support an active demand for lamb in the first half of 1926. The consumptive demand the latter part of 1926 will depend upon a continuation of present industrial activity.

Supply situation. The estimated number of lambs on feed January 1, 1926 was about 3.5 per cent less than at the beginning of 1925, decreases being about the same in both the Corn Belt and Western states. Decreases in the Western states were largely in the late marketing areas, which would indicate a heavier early movement of fed lambs than last year and reduced numbers later.

The estimated number of sheep and lambs on farms on January 1, 1926 was 3.4 per cent greater than at the beginning of 1925 and about 12 per cent above 1922, the previous low point in numbers.

The increased numbers of breeding stock and the fact that western ewes were bred under most favorable conditions indicate a larger lamb crop than in 1925. The size of the lamb crop, however, depends very largely on weather conditions during the lambing season. Unfavorable weather might result in a total crop below that of last year. With 5.5 per cent more lambs raised in 1925 than in 1924 and with no material increase in slaughter in 1925, evidently many ewe lambs were held back for breeding purposes. With a probable increase in the number of lambs born in 1926, and with less incentive to hold back lambs there may be an increase in marketings in late 1926 and 1927. The accumulation of breeding stock may still further increase receipts in 1927 and 1928.

Price Outlook. With slightly fewer lambs on feed present prices of fed lambs should be maintained during the next few months, provided they are marketed at desirable weights as required for consumption. The potential increase in the market supply of early spring and native lambs is not enough to give cause for alarm. Next fall and winter prices of slaughter lambs will depend to a considerable extent on the feeder lamb demand and the developments in the business situation, any material break in urban prosperity tending to be reflected in lamb prices. Even should there be less favorable business conditions, however, and as much increase in lamb production as now seems possible, lamb returns for 1926 and 1927 promise to be quite satisfactory in comparison with any recent year except the two unusually favorable ones which have just passed.



## WOOL

Foreign wool situation: Information received from countries producing about 65 per cent of the world's supply of wool indicate an increase in wool production for those countries of about 2 per cent in 1925 over the previous year, and 6 per cent below the average for the five years immediately preceding the war. A slight increase in demand over last year might readily absorb the larger supply. Available information indicates a rather marked tendency to increase sheep in many important sheep countries. In 1920-21, the low point following the war, the number of sheep in ten important countries had declined 9 per cent from the 1911-13 average, by now, however, they are 4 per cent over 1920-21.

Imports of wool into France and Germany from July 1 up to the first of December were much above the figures for the same period in 1924. Imports into the United Kingdom showed a decrease of 25 million under 1924. World wool prices declined sharply the first four months of 1925 rallying a little subsequently, and then weakening slightly since November.

Domestic wool situation: With more active business conditions for the year, wool consumption in the United States in 1925 was apparently considerably greater than in 1924, and about equal to pre-war per capita consumption. Imports of wool in 1925 into this country were 61 million pounds more than in 1924 or 23 per cent increase. Wool prices stiffened slightly during the second half of 1925, following their sharp drop in the spring, but weakened at the close of the year. Wool prices in this country are governed very largely by world conditions, but any slackening in business conditions in this country may temporarily depress American wool prices below their usual relation to world prices. Stocks, however, are not up to normal so the margin above the world market resulting from the tariff would soon re-appear. Present foreign and domestic conditions do not indicate any violent fluctuations in wool prices in the immediate future.

Long-time Outlook: The sheep industry has expanded both on the range and on farms. A further moderate expansion where sheep are to be added is a permanent part of the business need not be discouraged although prices may not be so high.

Those who are planning to immediately increase their breeding flocks should consider the initial investment may be rather high and a probability of somewhat lower lamb prices in the future.



## HORSES AND MULES

The present number of work animals is apparently ample to meet farmers' needs during 1926, although there has been a marked decrease in the number of colts foaled during the past six or seven years. Continued reduction will eventually result in an acute shortage of work animals. Individual farmers should study carefully the type of power best suited to their own farms, and determine individual needs for horse and mule replacements three to ten years from now.

The number of horses on farms in the United States decreased 20 per cent from January 1, 1920, to January 1, 1926, while mules increased 5.5 per cent. The number of horses and mules combined decreased 15 per cent during this period. About 3 per cent of this reduction occurred within the past year. While the number of horses and mules over 2 years of age decreased about 6 per cent from 1920 to 1925, the number of colts under 2 years decreased 51 per cent. The census of 1925 showed 73 colts under two years per 1,000 horses and mules of all ages, as compared with 132 colts in 1920 or a reduction of 45 per cent in the ratio of colts under 2 years to all horses and mules. Stallion and Jack registration decreased 12 per cent in Iowa from 1922 to 1924, 15 per cent in Illinois, 21 per cent in South Dakota, 33 per cent in California, 34 per cent in Pennsylvania, and 45 per cent in Colorado.

Reports from the farms of crop correspondents show that 95 colts were foaled per 1,000 head of all horses and mules on their farms at the end of the year in 1919, 84 in 1920, 72 in 1921, 61 in 1922, 49 in 1923, 45 in 1924, and 42 in 1925. While this downward tendency in colt production continues unabated in the South Central States and the range country; an increase in the number of colts foaled in 1925 was shown by the Corn Belt and North Eastern States.

Unless more colts are raised in future years than were raised in 1925, either the number of horses and mules on farms will fall to approximately one half the present number on farms, or the average life must exceed fifteen years.

The number of tractors on farms in 19 States increased from 109,707 in 1920 to 316,223 in 1925, according to the Census Bureau. The number of horses in such cities as New York, Chicago, Baltimore, Philadelphia and Boston, show a yearly decrease of about 5 or 6 per cent for the past fifteen years. From 1910 and 1920 there was a decrease of 50 or 60 per cent in the number of horses in these cities while the estimated decrease from 1920 to 1925 has been about 30 per cent.



While the actual value per head of both horses and mules during the past five years has been the lowest in 20 years, the value expressed in terms of 1910-1914 dollars was the lowest on record for a period of nearly sixty years. The average value per head of mules for the United States was \$81.00 on January 1, 1926, as compared with the 1910-1914 average value of \$123.00, or a reduction of 34 per cent. Horse values showed a decline from \$109.00 to \$65.00, or 40 per cent. During the past five years horse and mule prices have remained at this very low level, with the general trend downward for the period.

The farm value per head of both horses and mules on January 1, 1926, was higher than last year in the Central States, but generally lower in the Southern States and some of the Eastern and Far Western States. Feed grains, corn and oats, and roughage, however, are relatively much more plentiful in the Central States than in the Southern States this winter.

With the extremely low prices for horses that have prevailed for the past five years, horse breeding has been so unprofitable that the number of colts foaled annually has been reduced about one-half. A larger proportion of the work animals of the country are old horses and plugs than at any time in many years. With a continuation of the present low birth rate of colts the production in number of work animals will undoubtedly be much greater in the next five years than has already occurred since 1920. Just when this reduction will cause a shortage of work animals is dependent on the extent to which farmers actually adopt the use of mechanical power as a substitute for horse power.

The individual farmer should study carefully the type of power best suited to his own farm, and decide as to his own need for horse and mule replacements three to ten years hence. This need can be met by either raising colts or buying horses and mules young enough to live through this period. Some farmers who are particularly well situated for raising good quality horses and mules as a side line to regular farming operations may find it profitable to supply the needs of other farmers. A study of horse ages made last spring by the Department shows relatively old horses in eastern States and old mules in southeastern States. Present low prices for horses cannot be expected to continue indefinitely; the average price in January was higher than a year ago, although the average age was greater.



DAILY RECORDS

The dairy industry as a whole is in a relatively strong position. The immediate outlook is for fairly satisfactory returns to producers thru the present winter. With fewer milk cows and heifers on farms than a year ago and production hardly keeping pace with present trend of domestic consumption, some slight increase in number of heifers raised for milk cows may be desirable. The effect of foreign competition may be greater than during the past two years if weather conditions in foreign countries are normal and present trend of foreign production continues upward.

The domestic supply situation is influenced by the reduced number of milk cows on farms on January 1, 1926 and the smaller number of heifers raised during 1924 and 1925; also by present relatively low feed price. Domestic production of dairy products in 1925 was practically the same as in 1924. Low feed prices since last fall together with relatively high prices for dairy products have stimulated heavier feeding and resulted in larger production which may be expected to continue through the winter. The number of dairy heifers on farms January 1, 1926 was 373,000, or 9% less than a year previous, and the number of cows was 1 1/4, or 250,000 less than on January 1, 1925 the high point since the war. Apparently about 8% less heifer calves were raised in 1925 than in 1924. These decreases indicate that unless an unusually large number of old cows are retained no appreciable increase in the number of milk cows can be made during the next two years.

Feed prices will probably continue favorable to dairymen through the first half of 1926. Sufficiently higher prices for dairy products would induce heavier feeding which would tend to offset the decrease in the number of cows. Otherwise milk production during the next two years may be somewhat lower than for the past two. If this should be the case, continued growth in the demand for fluid milk would mean a reduction in the output of other dairy products. Unusually favorable pasture conditions would, of course, affect this situation.

The consumption of dairy products has been tending upwards since the war, while prices have been generally well maintained. The increase in per capita consumption of fluid milk has been especially marked in large cities, and for the country as a whole the trend has been at the rate of 5% increase per year. Per capita consumption of condensed and evaporated milk in 1925 showed some gain, but per capita butter consumption which had been tending upward did not show the usual increase because of higher prices.

The present information as to the general business situation indicates that the present high level of employment and wages will be maintained through the first half of 1926, with a possibility of some slight slackening in the second half which would probably not materially affect the demand for fluid milk, but would tend to lessen the demand for butter. Any substantial reduction in city industrial activity and pay-rolls would be reflected in prices of all dairy products.

Foreign Situation: In northeastern Europe, as in the United States, relatively cheap feeds are tending to stimulate dairy production this winter, which should bring the herds on to pasture in good condition. In the southern hemisphere unfavorable pasture conditions, however, have already checked production so that its output for this season will probably be little, if any, greater than last season.



Dairy production has been tending upward in all the principal exporting countries since the war. Denmark has now reached a volume of exports above the pre-war level and in the last two years seems to have resumed the normal pre-war trend of about  $2\frac{1}{2}\%$  increase in volume per year. Australia has been increasing at about  $1\%$  per year through varying widely from year to year with weather conditions. New Zealand and Argentina have both been increasing quite steadily at about  $10\%$  per year and apparently can continue at about the same rate for several years. These facts indicate that butter exports from these four countries will probably tend upwards for several years at a rate equal to an annual increase of about 30 million pounds or  $3\%$  of the total 1925 world exports. Production has recently been increased at a more rapid rate in Siberia and by the growth of the dairy industry in northeastern Europe and western Canada. In 1925 imports of butter into both Germany and Great Britain continued upward, the increase being especially marked for Germany. Both countries are now fully up to the pre-war trend of volume of imports.

With dairy production also increasing within the deficit areas in Europe, especially Germany, there has been a proportionately greater increase in consumption than is reflected in the greatly increased imports. These facts indicate that even if European consuming power should continue as good as in recent years, any considerably increased world exports would not find a market within Europe at prices as high as last year. There is the possibility that domestic consumption within the dairy exporting countries of Europe may increase to nearer their pre-war normal which would take care of some of the increasing supply. The recent strength in the foreign situation will, therefore, depend largely upon European demand again reaching a new high level which will require continued if not improved industrial prosperity in Europe. With a steady increase in foreign production, unless consumption in Europe continues to increase, foreign competition in our markets will likely become increasingly important.

Market Outlook for 1926: During 1925 prices of dairy products recovered markedly from the depressed condition of the preceding fall and winter. Butter prices for the year averaged  $6\%$  above those of 1924 and fluid milk producers at principal cities received average prices ranging from 6 to  $20\%$  above 1924; but neither butter nor milk prices reached the 1923 levels.

Continued active demand, continued heavy domestic production, and foreign competition no greater than at present are indicated for the balance of the present winter season. Prices, therefore, will probably follow about the usual seasonal course until the new storage season opens.

The Major factors likely to affect the 1926-27 dairy year are:

- (1) There are fewer cows in this country and apparently  $9\%$  fewer heifers than a year ago,
- (2) Foreign competition will increase if weather conditions are normal in foreign countries,
- (3) Less favorable industrial conditions seem probable offsetting the usual increases of consumers' demand.

Pasture conditions, both for the U. S. and foreign countries, can not be predicted and because of their importance as a factor in production may, of course, for any one season alter the general situation.

1911

1912

1913

1914

1915

1916

EGGS AND POULTRY

Present conditions indicate that the production of eggs will be somewhat larger and prices lower during the first half of the year 1926 than for the same period in 1925. The poultry crop marketed during 1926 will probably be as large if not larger than that of 1925, due to a larger number of chickens on farms which with probable lower egg prices will influence producers to market more of their poultry during the latter part of the year, rather than to keep it for egg production.

Production of eggs in 1925 was slightly above that of 1924. Receipts at the leading terminal markets in January 1926 were about 50% heavier than for January 1925 and 17% above the five year average. This heavy increase in receipts indicates a very material increase in egg production over that of a year ago. Mild weather for the season, increased number of hens on farms and cheap feeds are factors influencing this heavier present production. During the remainder of the year egg production will be influenced by the relation of egg prices to feed prices and the marketing of old stock which is not so profitable in the laying flock.

Market prices of poultry, at least during the first six months of 1926, will probably be higher than during the same period in 1925 when heavy storage stocks of dressed poultry had a depressing influence. During the later half marketings probably will be heavy but prices may be supported somewhat by the prices of other meats. The present storage stocks are considerably below those of the same period for last year which may be expected to result in broader outlets for fresh killed poultry.

The present information indicates that egg production for 1926 will probably be larger and prices lower, that poultry marketings will increase, but prices will remain favorable at least during the first half of the year. Prices to producers both for poultry and eggs, will probably average lower in 1926, particularly on eggs, than in 1925. This indicates the desirability of looking to greater efficiency rather than increased production during the present year.



## HAY

In spite of the sharp decrease in the 1925 hay crop which reduced the supply for this season to the lowest point for six years, the amount marketed has been adequate for consumers' needs at prices only moderately higher than those which prevailed following the record crop of 1924. This slackened demand for hay reflects the decrease in the number of hay consuming animals and indicates that prices received by farmers who sell their hay are likely to be lower during the coming season. If average yields are secured upon an area equal to last year's acreage the crop will be ample for domestic consumption which has averaged about 104,000,000 tons for the past 10 years.

The crop last year was decidedly smaller in the important timothy and timothy and clover region than in 1924 when the crop was unusually heavy. Production in Ohio, Indiana, and Illinois totaled less than two-thirds of the 1924 figure and neighboring States likewise showed some decreases. Drought cut down the crop in most of the South although Louisiana and Mississippi recovered partially from their near failure in 1924. On the other hand the New England crop was slightly larger and the Rocky Mountain and Pacific Coast States have considerably more hay this season than last.

Prospects are for nearly an average carryover this spring although this will be affected by the severity of the weather during February and March and the length of the spring feeding season. Relatively mild weather during the early part of the winter has permitted livestock to range freely in many sections so that less hay has been fed up to the first of February than had been generally expected. The poor condition of pastures last fall will tend to require slightly longer feeding this spring.

High shipping costs continue to cause low prices in surplus producing regions remote from market and high prices in consuming sections, suggesting that the acreage might be increased profitably in sections where the local supply falls short of consumption. High prices for hay in southern markets should favor a resumption of the trend toward greater self-sufficiency in that region which was interrupted by the severe drought last year. An increasing supply of alfalfa in the eastern half of the United States is reducing the use of western alfalfa in eastern and southeastern markets. The decreasing number of horses on farms and in cities suggests that some timothy acreage might profitably be replaced by legume hays.

There appears to be no need for seedings beyond that necessary to maintain the acreage so far as market hay is concerned, but farmers should not lose sight of the fact that low costs in livestock production are based upon abundant pasturage and hay supplies. Soil improvement also calls for the generous use of legumes and grasses. In view of the relatively low prices of sweet clover and alfalfa seed and the undesirability of increased acreage of corn or the cereals, it would seem advisable to provide liberally at this time for future pasture and forage supplies and for soil improvement.



FEEDS

Should normal weather conditions prevail during the remainder of the winter and if spring pasturage is available at the usual time it appears doubtful if the prices of feedstuffs, including mill feeds and high protein concentrates, will make any material advance during the first six months of 1926.

Although indications are that the production of wheat mill feeds during the remainder of the 1925 crop year may be slightly less than for the same period last year, and trade reports indicate that stocks in storage and in dealers' hands are only normal for this time of the year, still the liberal supply of feed grains and larger productions of other by-product feed will go far in limiting the demand for this class of feed. The supply of domestic wheat mill feeds also will be supplemented by importations from Canada and from Canadian wheat milled in bond in the U. S. to an amount probably equal to that of last year.

An increase of about 17.5 per cent in the 1925 production of feed grains, together with the larger supply of mill oats, cleaned from the 1925 crop of wheat and barley, and the conservation of screenings cleaned from grains at the farms, are competing with mill feeds in supplying consumers' needs. The large amount of high protein concentrates that has been available for mixing with these grains and screenings has supplemented this feed supply and limited the demand for wheat mill feeds.

Production of cottonseed meal and cake from August 1 to January 1 was about 237,000 tons greater than last year while exports were nearly 60,000 tons less. Stocks on hand at the beginning of the year totaled approximately 260,000 tons an increase of nearly 100,000 tons over the stocks on January 1, 1925.

While the smaller crop of flax in the United States has reduced the supply of domestic linseed meal a sufficient quantity of Canadian and Argentine flax will probably be imported to bring the total supply of linseed meal to near last year's amount.

The reduction in the slaughterings of live stock has reduced the supply of digester tankage and stocks in manufacturers' hands are reported small. The supply during the next few months will not be large and prices are likely to remain relatively high if the usual seasonal demand prevails.

Lower corn prices have stimulated the production of gluten and hominy feeds and ample supplies of these feeds seem assured at prices averaging lower than last year.

While the total supply of hay is materially below that of last year the production of alfalfa for the 1925 crop was over 2,000,000 tons greater than in 1924. This has tended to restrict the demand for mill feeds from dairying sections in which alfalfa is produced.



## CITRUS FRUITS

The outlook for the producers of citrus fruits is not reassuring. Future production depends chiefly upon what percentage of present plantings is brought into full bearing. No further plantings should be made without careful consideration of the following facts. In Florida only about 58% of the orange trees and 78% of the grapefruit trees have reached bearing age. Furthermore, less than two-thirds of the bearing trees have reached full production. In Texas there is a large acreage of grapefruit not yet in bearing and many new trees are being set out this year. In California the number of young orange trees is only sufficient to maintain bearing acreage at about the present level. There has been some increase in the consumption of lemons, but if imports from Italy amount to over 3,500 cars, as they have during most recent years, the present acreage in California in years of full crop will produce more lemons than can be marketed in the United States and Canada at prices satisfactory to growers.

Taking the country as a whole the prospect for the next few years is for a very heavy increase in production of oranges and grapefruit with a downward trend in prices. This trend seems likely, even though there may be some increase in per capita consumption and in spite of some reductions in Florida acreage caused by the sub-division and neglect of groves during the recent real estate activities. The recurrence of severe freezes like those experienced in years past would substantially alter the present prospect.



### APPLES.

From a long time viewpoint apple growers appear to have turned the corner, even though the present price situation is not particularly satisfactory. With the decrease in bearing trees as shown by the last census figures, growers can expect marketing conditions to be reasonably satisfactory during the next ten or fifteen years. In the eastern and central states it appears that if the commercial producing acreage is held at the present level reasonably satisfactory returns may be expected over a period of years. In the Northwest, where trees reach bearing age more quickly, there seems to be little reason for increasing the bearing acreage at present, though apples probably will continue to be profitable in most sections now yielding adequate returns.

In considering the present situation it should be remembered that profits from apples since 1913 have not been sufficiently great to stimulate plantings. The number of bearing trees is steadily decreasing, the eighteen leading apple producing states showing a decrease of 6,500,000 trees, or approximately 8 per cent, during the past five years, according to preliminary census figures. In eastern and central states most of the decrease has been in scattered orchards that are either outside of the main commercial sections or are too small or too unproductive to justify the use of efficient spraying equipment. Some unproductive orchards also have been abandoned in the boxed apple states, and the tendency has been to replace the poorer varieties in the older orchards. For the country as a whole, the number of trees not yet bearing is about the same as five years ago and is not sufficient to maintain the present number in bearing.

So far as commercial production is concerned, the decrease in the number of bearing trees in the scattered farm orchards has been more than offset by increased production in the commercial sections. The rate of increase in the commercial sections seems, however, to be slowing up, and in the boxed apple states the point of maximum production seems to have been nearly reached.

Looking ahead, it seems that the yearly increase in population will be sufficient to take care of such increase in production of commercial apples as is to be expected from present orchards.

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PEACHES

The peach industry is confronted with the problem of profitably disposing of a rapidly increasing production due to extensive plantings of young orchards in recent years. This expansion has occurred principally in the South Atlantic States, in certain sections in the Middle West and in California, and in these areas new plantings should not be made at present. In Colorado and Utah there was some injury due to winter killing last year. For the entire country, commercial production as measured by carlot shipments has practically doubled during the last eight years.

In the North Atlantic States present acreage may well be maintained by plantings on favorable sites to replace trees which will soon go out of bearing. Growers who contemplate new plantings should exercise care in selecting locations so that climatic hazards and other risks of production will be reduced to a minimum. Marketing conditions should also be given careful consideration.

The selection of proper varieties is important in planting new orchards. The Elberta is the leading commercial fresh peach variety and is adapted to practically all sections of the country. As it begins to ripen in the South it is found on practically all the important markets during the remainder of the season. Unless a satisfactory local market seems assured, such commercial plantings as are made should include only a few standard varieties.

There is an opportunity for improvement in peach marketing conditions in many sections in the use of accepted standards of grade and pack.



GRAPES

The grape outlook is dominated by the tremendous production in California and it is generally agreed that new plantings should not be undertaken in that State at present. Around 10,000 cars were left on the vines in California this past season due to frost injury and poor market conditions, and returns during the past few seasons generally have been unsatisfactory.

Grape production in California is on the increase and probably will continue upward for a few more years without additional plantings. Total carlot movement for the country in 1925 was 80,000 cars, or an increase of 110 per cent during the past five years. Of this 1925 movement California supplied 93 per cent, even though weather conditions were unfavorable during the harvesting season. The carlot movement from California during 1925 was one-fourth greater than in 1924, although for the entire country it increased only 13 per cent. The almost total crop failure in Michigan from frost, and lighter production in New York, the two States leading in the production of the native type of grape, accounted largely for this situation. The heavy increase from California is due to extensive plantings in recent years and to the fact that one-third of the crop of the varieties normally grown for raisins has been shipped fresh during the past two years.

In favored localities in States where the native type of grape is grown, and where table grapes of high quality can be produced for local markets, it is probable that some increase in plantings can be undertaken with prospects of fair returns, this depending largely upon favorable sites and local market conditions. Prices have varied during the past few seasons as to location and crop conditions, but they have not been sufficiently high to cause more than a moderate amount of plantings in most sections. Acreage has remained fairly constant, on the whole, with the exception of Ozark district, where plantings totaling around 15,000 acres have been made in the past few years.

The industry in the Ozarks, although comparing with Michigan in acreage, is as yet in an experimental stage and it is too early to forecast developments. The carlot movement from the Ozark district increased from 344 cars in 1924 to 487 cars in 1925, and with favorable weather conditions may be doubled in 1926. The movement from this district is earlier than from other sections producing the same type of grape, and the status of the grape juice industry probably will play an important part in its development.

This development and the heavy supply from California are factors to be considered by all eastern growers. Although the California grapes are of a different type, and the bulk of the crop moves as juice stock, all growers of the native type of grape, faces keen competition from the California product.



Cantaloupes and Watermelons:

Conditions during the past season indicate that the cantaloupe acreage in 1926 in the early producing states may be maintained upon the same basis as that harvested in 1925, or perhaps slightly increased, with prospects of reasonably satisfactory returns. However, growers in most intermediate and late sections probably will receive unsatisfactory returns unless the acreage is reduced from that harvested in 1925. Watermelon acreage can be maintained on about the same basis as last year with prospects of fairly satisfactory returns to growers.

Total cantaloupe production in 1925 was slightly larger than in 1924. However, the acreage in the early states in 1925 was involuntarily reduced about 16 per cent over that harvested in 1924, due in some sections to unfavorable weather and in others to unsatisfactory returns the previous year. This resulted in a lighter production and a generally profitable season to those having high quality stock. In contrast to this an increase of 15 per cent in acreage over that harvested in 1924 in the intermediate and late states, resulted in a production almost one-fourth heavier than in 1924 and generally in very unsatisfactory returns to the growers. Southern growers should guard against over-expansion, and they, with eastern growers, would no doubt benefit from better grading and packing. Favorable soil and climatic conditions, varieties, acreage in competing sections, and nearness to markets are important factors to be considered in planning acreage.

There have been no outstanding shifts in watermelon acreage among various areas in recent years. Production at fairly satisfactory prices is apparently closely adjusted to consumers' demand and even a relatively small increase in acreage with normal yields in most commercial areas would probably result in a considerable decline in prices from those of 1925.



### SWEET POTATOES

Growers of sweet potatoes should not permit the satisfactory prices during the last two seasons to lead them into the mistake of planting an excessive acreage this spring. The price has been high, chiefly because of abnormally low yields resulting from weather conditions.

In 1924 the average yield of sweet potatoes was only 79 bushels per acre and in 1925 it was 30.3 bushels. The records since 1908 show that in no other year during this period has the average yield in the United States fallen below 90 bushels per acre, and on the average about 95 bushels per acre can be expected. If the 1926 acreage should be the same as that of 1925, a yield of 95 bushels per acre would increase production 18 per cent over the crop of 1925 and 35 per cent over that of 1924.

In analyzing the sweet potato situation it should be kept in mind that New Jersey, Delaware, Maryland and Virginia usually supply about two-thirds of the carlot shipments, although having less than 10 per cent of the total sweet potato acreage. Growers in these four states which produce the Jersey type of sweet potato for shipment to northern markets produced a crop in 1925 which was 4 per cent less than in 1924, although the 1925 acreage was 9 per cent greater than in 1924. However, prices for the 1925 crop from this section have barely been maintained at the level of prices received for the 1924 crop even though assisted somewhat by the very short crop of white potatoes.

In the remainder of the sweet potato states the bulk of the sweet potatoes grown are of the moist-fleshed type and the marketing problem is more largely a matter of supplying local needs. In this group of states production in 1925 was about 15 per cent over the very short crop of the previous year, but still was below the amount normally required for local consumption. Early 1926 prices are lower than for the corresponding period last year, but they still are sufficiently high to encourage much heavier planting in certain areas this spring. Those who grow sweet potatoes for local markets should, therefore, watch closely the acreage which their neighbors are preparing to plant. For most sections in southern states the safest course will be to attempt to produce only about as many sweet potatoes as can usually be disposed of at a profit in local markets. The present margin of profit on shipments to northern markets is hardly likely to be repeated for the 1926 crop.



## CABBAGE

With the small remaining supply of old cabbage cleaning up rapidly at high prices producers of early cabbage should be in a favorable market position at least during the opening months of the season.

There is danger that present/<sup>high</sup>prices will induce growers in the late cabbage states to increase their acreage too heavily. If there should be a ten per cent increase over the 1925 acreage, plantings would about equal those of 1924, a season of very low prices. With the same acreage as in 1925, or not more than a five per cent increase, and with normal growing conditions a crop should be produced which probably can be marketed at fair prices.

Cabbage is a crop for which the demand is fairly constant. Slight fluctuations in production result in sharp price changes.

Growers in the early and intermediate states have been more erratic in their planting than growers in the late states, with consequent wide variations in production and sharp fluctuations in prices. Yearly adjustments to offset heavy or light production in the late states are desirable, but plantings are usually too heavy if prices for late stock are high. Growers should secure information from competing sections before deciding the proper acreage to plant.



ONIONS

The total acreage of onions in late states cannot be appreciably increased without the probability of a crop large enough to result in prices so low as to be unsatisfactory. The marketing outlook for onions during the next few months is not encouraging.

The slump in prices in January was caused largely by unusually heavy imports from Spain and occurred in spite of a domestic production 5 per cent lower than in 1924. It now seems improbable that the late onion crop will clean up before the crop in Texas, California and Louisiana, which promises to be larger than last year, moves to market. Careful grading and reasonable opening prices should aid in accomplishing this.

Growers in late states face a rather puzzling situation. Unless a continuation of the January slump in prices causes a general cut in acreage an increase is likely to occur. This seems undesirable. It is quite probable, however, that growers in Indiana and Ohio, whose acreage, was cut so severely by freezing weather after planting in 1925, will tend to plant normal acreages this year. Should their plantings equal the average of the 3-year period ending in 1924 and other states maintain their 1925 acreages, the 1926 acreage would exceed the heavy acreage planted in 1922 by almost 5 per cent. This would spell disaster under average growing and marketing conditions.

In 1925 New York and Idaho growers increased their plantings about 1,000 acres over those of any of the four years 1921 - 1924. In contrast to this the increase over 1924 of around 800 acres in Massachusetts and 1,000 acres in California represented a partial return toward acreages maintained in 1921, 1922 and 1923. Growers especially in these four states, should gauge their plans considerably upon the extent to which plantings in Indiana and Ohio tend back toward those in recent years prior to 1925.

